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UNITED NATIONS DEVELOPMENT PROGRAMME

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DP/PROJECTS/7148

ENGLISH

APPROVAL OF UNCDF ASSISTANCE TO A PROJECT OF
BENIN

(BEN/88/C02) (BEN/88/013) - Village Development Fund in Northern Atacora Region

Date of approval by the AC: 1/	25 September 1991
Expected duration:	Four years
Proposed cooperating agency:	UNDP/OPS
Government implementing agency:	Ministry of Planning and Statistics
Proposed UNCDF contribution:	$1 800 800
Source of funds:	General resources
Proposed UNDP contribution:	$694 400

Project background

Since 1983, the Republic of Bénin has been witnessing decreases in food production and in the per capita income. To redress the situation, the Government with the support of the World Bank and the International Monetary Fund, has embarked in 1989 upon a vast programme of financial and structural adjustment covering the period 1989-1992. In line with new priorities outlined in this development strategy, UNCDF was requested by the Government to pay special heed to the rural sector and specifically to the enhancement of living conditions, attainment of food self-sufficiency and generation of exportable surpluses by groups adversely affected by this Plan.

During its last Programme Planning and Identification Mission held in May 1988, UNCDF was asked to help the Government to implement a Village Development Fund project in the region of Atacora whose aim is to involve the active participation of the rural population in the development process especially at the decision-making and managerial level. The proposed project will complement other projects financed by IFAD and OPEC entitled "Rural Development in Atacora", two similar ones financed by GTZ and the World Bank and larger ones being implemented in the same region by NGOs (ACORD, AFVP and SNV) where special emphasis is being placed on better utilization of local resources. It will finance micro-projects initiated by the rural population and will benefit from experiences derived from an on-going UNCDF project "Integrated Rural Development in Oehunco". The project will be located in the western region of Atacora, namely in Cobli, Matéri, Tanguiéta, Toukountouna and in the suburban areas of Natitingou where living standards are extremely lower than those of the other provinces. The area's main agricultural productions are groundnuts, beans, maize, yam, sorghum and millet.

To initiate, promote and execute basic development activities and develop income and employment opportunities, UNCDF and UNDP assistance was requested under the present approval.

Description of project

The immediate objectives of the project are to: (a) set up a direct financing mechanism for micro-projects initiated by the population; (b) reinforce the capacities of local institutions such as NGOs and associated groups, generating activities to improve living conditions of the

1/ This Fact Sheet reflects the status of the project/revision at the time it was reviewed and approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

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villagers; (c) adopt a participatory approach requiring sensitization and training; (d) foster involvement at the operational level of NGO's present in the area; (e) rely on the following four basic principles: (i) support efforts reinforcing local institutions; (ii) reduce time lag between the decision-making and the approval processes; (iii) select viable micro-projects which will respond to the development needs of the region; and (iv) depend systematically on an NGO acting as intermediary between the beneficiaries and the FDV (Village Development Funds); and (f) finance two types of micro-projects while adopting a botton-up approach with regard to those with direct return addressing production of goods and/or services (cereal banks, agricultural equipment, oil processing, blacksmith workshop...); and non-productive projects, in particular, those aiming at creating/upgrading infrastructures (small dams and bridges, wells, social infrastructure).

In one instance, beneficiaries will contribute in cash with FDV providing credit. In the other instance, the contribution will either be in cash or in kind through labour with FDV providing subsidies. Along with the FDV, a project management unit will be created at the provincial level to follow-up on the implementation aspect. Given the lack of rural structures and competence, the NGOs will help the population to formulate priorities and identify their micro-projects while at the same time train them to organize local structures to enable them to take over the management of activities financed by FDV. The implementation process will be gradually transferred to local institutions run by the rural population themselves. The NGOs retained by competitive bidding will be directly responsible for the funds they will be given to manage. All bank accounts to be opened by the NGOs for credit purposes will be administered by them; and they will be responsible for overseeing that the borrowers credit terms are enforced. The overall performance of the NGOs will be evaluated periodically by the Management unit who will check on the quality and type of activities/programme that are being implemented. Also, review of the disbursement and repayment rates will be carried out to assess the impact of the micro-projects financed by the FDV.

Inputs

UNCDF will set up the FDV to finance the micro-projects, mission costs, programme support and general audit of the accounts. UNDP will finance through OPS the technical assistance component consisting of the CTA and the services of NGOs responsible for the training of the beneficiaries and monitoring of disbursements and recovery of funds on a village by village basis. It will also finance the technical review missions.

The Government will pay the salaries of the administrative personnel already on assignment in the five districts where the project will be located. Its total contribution amounts to (US) $80,000. The beneficiaries contribution will average 15 to 20 per cent of the total cost of their individual micro-projects totalling (US)$306,800.

Financial data

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	UNCDF	UNDP
Missions	93 400	49 800
FDV	1 534 000	-
Audit	20 000	-
Technical Assistance	-	135 800
Sub-contract with NGOs	-	503 100
Adm. & Programme Support	70 000	-
Misc. Contingencies & Inflation	83 400	5 700
Total	1 800 800	694 400

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